Infrastructure

Annual Report
2011-2012

Alberta

CONTENTS

2 Preface

3 Minister's Accountability Statement

4 Message from the Minister

6 Management's Responsibility for Reporting

Results Analysis

8 Ministry Overview

9 Organizational Overview

10 Review Engagement Report

11 Performance Measures Summary Table

12 Discussion & Analysis of Results

- 12 GOAL 1 – Safe, innovative and cost effective public infrastructure.
- 16 GOAL 2 – Sustainable public infrastructure.
- 18 GOAL 3 – Safe and cost effective accommodation.
- 20 GOAL 4 – Responsible growth and management in the oil sands.

21 Ministry Expense by Function

22 Methodology and Data Sources

Financial Information

27 Financial Information Contents

28 Auditor General's Report

29 Financial Statements

Preface

Public Accounts 2011-12

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 21 ministries.

The annual report of the Government of Alberta contains ministers' accountability statements, the financial statements of the province and *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

On October 12, 2011, the government announced new ministry structures. The 2011-12 ministry annual reports and financial statements have been prepared based on the October 12, 2011 ministry structure.

The October 12, 2011 Ministry of Infrastructure is comprised of Infrastructure; the Oil Sands Sustainable Development Secretariat (responsible oil sands growth and development responsibilities), formerly in Ministry of Treasury Board.

This annual report of the Ministry of Infrastructure contains the minister's accountability statement, the audited financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry annual report also includes other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2012, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at June 14, 2012 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

[Original signed by Wayne Drysdale]

Honourable Wayne Drysdale
Minister of Infrastructure

Message from the Minister

This past year, the Ministry of Infrastructure was involved in a number of landmark events and projects, making it a truly memorable year for all involved.

Building Alberta's communities is an ongoing process. Whether we are building new facilities or keeping our existing public buildings in good working order, infrastructure projects are multi-year undertakings. In 2011-12, the Government of Alberta invested significantly in priority public infrastructure such as schools, hospitals, roads and long-term care facilities.

This included an investment in school projects in many communities throughout the province that were in design or construction stages or recently completed within the year. For example, 14 new schools being built through the second phase of the Alberta Schools Alternative Procurement (ASAP II) project are expected to open in six Alberta communities for the 2012-13 school year.

In April of 2011, plans were announced to build a new Royal Alberta Museum in downtown Edmonton. Design work got underway, focusing on providing a museum that will feature twice as much gallery space, have direct connections to public transit and have the ability to host major international exhibits and rare artifacts.

In May 2011, tragedy struck the Slave Lake region when a massive wildfire impacted several area communities and destroyed a large portion of the Town of Slave Lake, including many public buildings. Infrastructure staff played a major role in the government-wide response to the wildfires, assisting in the supply of over 200 interim housing units and aiding in the rebuilding of public buildings.

Throughout Alberta, work continued or was completed on health facility projects to increase Albertans' access to health services, including the Edmonton Clinic South and the South Health Campus in Calgary.

Construction of the $569 million new Edmonton Remand Centre, Canada's largest remand centre, is nearing completion. In Calgary, a landscaped urban park located at the new Calgary Courts Centre opened to the public in July 2011, part of a $54 million investment into phase two of the Calgary Courts project.

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Infrastructure also continued its important role of providing facility maintenance services to our owned and leased facilities across Alberta. Our priority is to continually ensure we provide a safe environment for the public and for government employees.

Premier Redford's vision for Alberta's future includes: a secure economic future achieved by making strategic investments in infrastructure, education and human capital; world-leading resource stewardship that expands our provinces markets and protects its environment; and ongoing investment in families and communities to ensure Albertans maintain their high quality of life.

Strong, reliable infrastructure plays a key role in advancing these priorities. Our ministry will ensure our province's infrastructure continues to develop in a responsible manner that takes into account environmental, social and economic considerations.

The many successes of the past year are due primarily to the dedicated staff of the Ministry of Infrastructure, both on the front lines and behind the scenes, whose talent, commitment and enthusiasm ensures that Albertans have the most efficient, sustainable, and cost effective facilities possible. Together, we are committed to delivering buildings that work for Alberta, today and tomorrow.

[Original signed by Wayne Drysdale]

Honourable Wayne Drysdale
Minister of Infrastructure

Management's Responsibility for Reporting

The executives of the individual entities within the ministry have the primary responsibility and accountability for the ministry. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and strategic plan, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the ministry rests with the Minister of Infrastructure. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including financial statements and performance results. The financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with Canadian public sector accounting standards. The performance measures are prepared in accordance with the following criteria:

- **Reliability** – information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability** – the performance measure methodologies and results are presented clearly.
- **Comparability** – the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness** –goals, performance measures and related targets match those included in the Ministry's *Budget 2011*.

As Deputy Minister, in addition to program responsibilities, I am responsible for the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under ministry administration;
- provide Executive Council, the President of Treasury Board and Minister of Finance and the Minister of Infrastructure information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executives within the ministry.

[Original signed by Ray Gilmour]

Ray Gilmour
Deputy Minister of Infrastructure
June 4, 2012

RESULTS ANALYSIS

MINISTRY OVERVIEW

Alberta Infrastructure has a vision of providing innovative, high-quality and well-designed infrastructure for Albertans, with a mission to lead and provide expertise in collaboration with our partners to support the provision of public infrastructure and address the social, environmental and economic impacts of oil sands development. The ministry supports the provision of infrastructure that contributes to the province's prosperity and quality of life.

The Ministry of Infrastructure aligns its services under four goals:

Goal 1: Safe, innovative and cost effective public infrastructure;

Goal 2: Sustainable public infrastructure;

Goal 3: Safe and cost effective accommodation; and

Goal 4: Responsible growth and management in the oil sands.

In support of these goals, the ministry works with partner ministries, boards, industry and other stakeholders to implement, preserve and upgrade supported capital infrastructure, including health facilities, schools and post secondary institutions. The ministry also delivers major government-owned capital projects to support program delivery, provides technical support for the government capital planning process and supports proactive and coordinated advocacy related to sustainable growth in Alberta's oil sands regions.

The ministry continues to demonstrate expertise in alternative procurement, including the Alberta Schools Alternative Procurement (ASAP) project, as well as expertise in achieving the Leadership in Energy and Environmental Design (LEED) designation for public buildings.

The ministry provides professional management services for the development of regional strategic infrastructure plans, manages corporate assets and develops and implements program accommodation plans. In total, the ministry provides facility management services to maintain and operate approximately 1,930 owned and leased facilities across the province, including general office space, museums, courthouses, correctional centres, service buildings and research facilities.

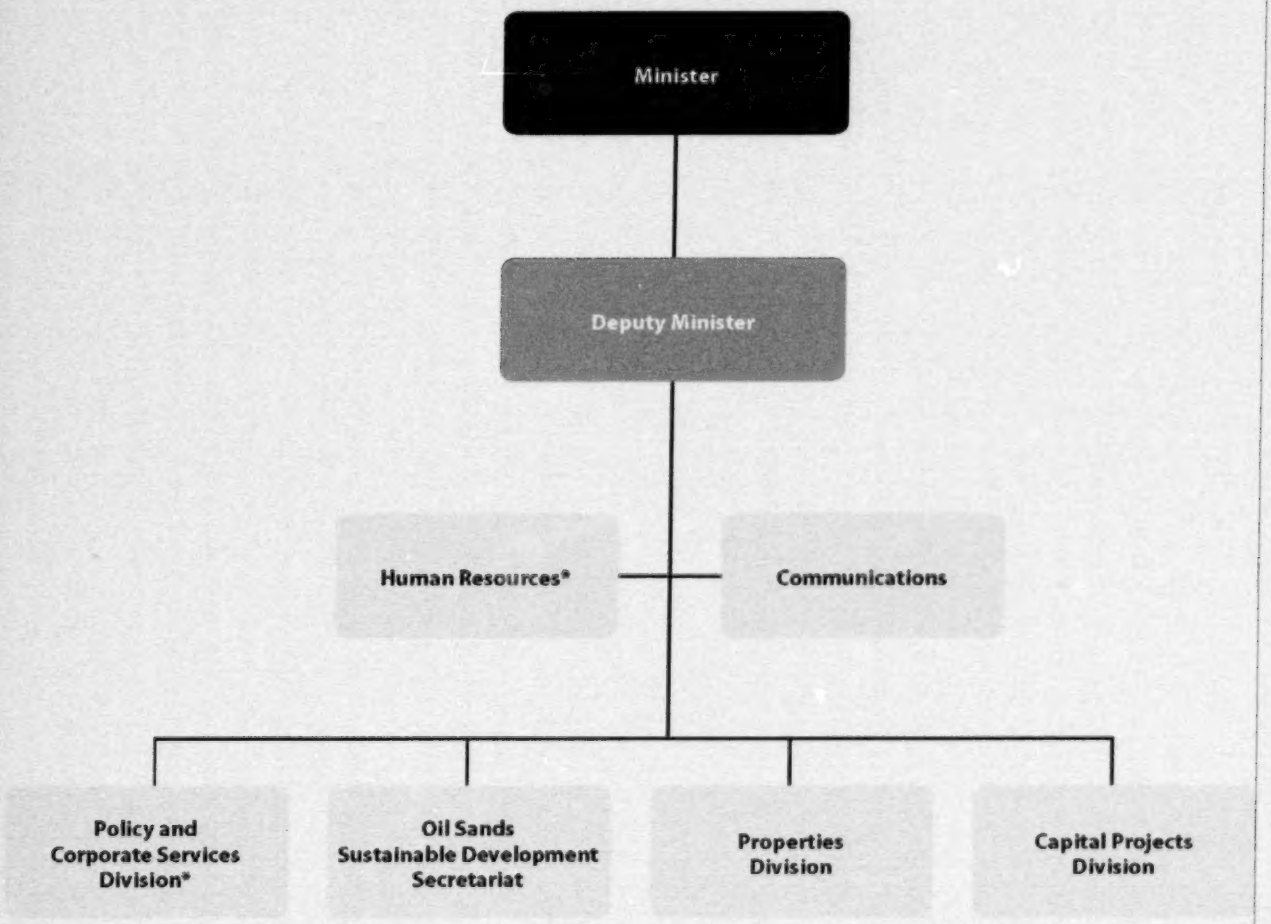
The ministry also manages the Edmonton and Calgary Transportation and Utility Corridors and oversees the operation of the Swan Hills Treatment Centre for the treatment and disposal of hazardous waste.

The ministry collaborates with partner ministries, industry, communities and stakeholders to address rapid growth in the oil sands regions of Alberta and to lead cross-ministerial initiatives to develop and implement a long-term strategic plan for responsible oil sands development.

As part of a commitment to excellence, the ministry is continually researching and implementing best practices in planning, design, maintenance and construction to ensure the capacity to meet the changing needs of Albertans. This includes examining the most efficient and cost effective approaches, addressing critical maintenance projects, working with all levels of government to support infrastructure planning and incorporating environmentally responsible practices.

ORGANIZATIONAL OVERVIEW

Ministry of Infrastructure organization as at March 31, 2012.



*Policy and Corporate Services Division and Human Resources are shared services with Alberta Transportation.

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measure identified as "Reviewed by Auditor General" in the *Ministry of Infrastructure's 2011-12 Annual Report*. The reviewed performance measure is the responsibility of the Ministry and is prepared based on the following criteria:

- Reliability - information used in applying performance measure methodology agrees with underlying source data for the current and prior years' results.
- Understandability - the performance measure methodology and results are presented clearly.
- Comparability - the methodology for performance measure preparation is applied consistently for the current and prior years' results.
- Completeness – the goal, performance measure and related target match those included in the Ministry's Budget 2011.

My review was made in accordance with Canadian generally accepted standards for review engagements and accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the Ministry.

A review does not constitute an audit and, consequently, I do not express an audit opinion on the performance measure. Further, my review was not designed to assess the relevance and sufficiency of the reviewed performance measure in demonstrating Ministry progress towards the related goal.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measure in the Ministry's 2011-12 Annual Report is not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 1, 2012

Edmonton, Alberta

Performance measure reviewed by the Auditor General is noted with an asterisk (*) on the Performance Measures Summary Table.

Performance Measures Summary Table

Goals & Performance Measures		Prior Years' Results				Target	Current Actual
		2007-08	2008-09	2009-10	2010-11	2011-12	2011-12
Goal 1: *Safe, innovative and cost effective public infrastructure.*							
Measure 1.a: Health Facilities – Physical Condition.[1]	Good	N/A	N/A	N/A	N/A[2]	70%	77%
	Fair	N/A	N/A	N/A	N/A	24%	20%
	Poor	N/A	N/A	N/A	N/A	6%	3%
Measure 1.b: School Facilities – Physical Condition.[1]	Good	N/A	N/A	N/A	N/A	73%	61%
	Fair	N/A	N/A	N/A	N/A	25%	37%
	Poor	N/A	N/A	N/A	N/A	2%	2%
Measure 1.c: Post-Secondary Facilities – Physical Condition.[1]	Good	N/A	N/A	N/A	N/A	65%	72%
	Fair	N/A	N/A	N/A	N/A	30%	23%
	Poor	N/A	N/A	N/A	N/A	5%	5%
Goal 2: *Sustainable public infrastructure.*							
Measure 2.a: Government Owned and Operated Facilities – Physical Condition.[1]	Good	N/A	N/A	N/A	N/A	59%	73%
	Fair	N/A	N/A	N/A	N/A	38%	26%
	Poor	N/A	N/A	N/A	N/A	3%	1%
Measure 2.b: Energy Consumption in Megajoules per Square Metre in Government Owned and Operated Facilities.*		1,730	1,672	1,667	1,651	1,660	1,629
Goal 3: *Safe and cost effective accommodation.*							
Measure 3.a: Percentage Difference Between Average Operating Costs per Square Metre of Government Owned and Operated Office Space and Leased Space.[3]		N/A	N/A	N/A	N/A	± 5%	+ 1.6%
Goal 4: *Responsible growth and management in the oil sands.*							
Measure 4.a: Annual Progress on Responsible Actions Implementation: Percentage of short-term desired outcomes achieved (3 year).[4]		N/A	N/A	N/A	N/A	75%	35%

* Indicates Performance Measure that has been reviewed by the Office of the Auditor General.
The performance measure indicated with an asterisk was selected for review by ministry management based on the following criteria established by government:

- Enduring measures that best represent the goal and mandated initiatives,
- Measures for which new data are available, and
- Measures that have well established methodology.

[1] Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across schools, post secondary government-owned and health facilities, current results are not comparable to previous years' results.

[2] No new data were available at the time for reporting against targets because of the change in reporting timelines and improvements to methodology.

[3] This is a new measure as of 2010-11.

[4] This is a new measure as of 2009-10.

For more detailed information, see the Performance Measure methodology section on page 22.

DISCUSSION & ANALYSIS OF RESULTS

GOAL 1 – Safe, innovative and cost effective public infrastructure.

In 2011-12, Alberta Infrastructure spent $704 million to support the delivery of public infrastructure. The ministry placed a particular emphasis on providing technical expertise in innovative and cost effective planning, design and construction of government owned and supported facilities for Albertans.

Working in partnership with school boards, post secondary institutions, Alberta Health Services and other ministries, the ministry is focused on ensuring that health, schools, post secondary and other government facility projects incorporate best practices, such as standard facility designs and design excellence, including Lean and LEED designs.

In 2011-12, Infrastructure made significant progress in advancing several school and post secondary facility projects. The Alberta Schools Alternative Procurement (ASAP) Phase II is delivering 10 new elementary and middle schools in communities in and around Edmonton and Calgary which will be open to students in September 2012. These schools are being delivered using Alberta's P3 model and are projected to approach cost savings of $105 million. ASAP Phase II is also delivering four high schools, forecast to be open to students in January 2013, which are projected to approach cost savings of $40 million. Work is also continuing on modernizations and replacements for 35 schools around the province. In September 2011, both the Centennial Centre for Interdisciplinary Science and the Edmonton Clinic Health Academy at the University of Alberta opened to the public, as did the Taylor Family Digital Library and the Environmental Experiential Learning Centre at the University of Calgary.

Alberta Infrastructure also continued to progress on major health and continuing care projects around the province in 2011-12. These major initiatives include constructing new Healthcare Centres in Grande Prairie and Edson, redeveloping hospitals in Medicine Hat and Lethbridge, and building Continuing Care facilities in Lloydminster and Fort McMurray. In Grande Prairie, a new $520 million regional healthcare centre is being built to include a state-of-the-art cancer centre and a health care training facility in partnership with the Grande Prairie Regional College.

The Pediatric Emergency Department expansion at the Stollery Children's Hospital, which opened on January 31, 2012, provides a dedicated emergency space for children- and family-centred care. The new $87 million Fort Saskatchewan Community Hospital opened on April 3, 2012, and offers 38 acute care beds and 24-hour emergency services. Altogether, 28 health projects are currently underway in 15 communities, Infrastructure continues to collaborate with Alberta Health Services and Alberta Health and Wellness to ensure that new health facilities being constructed meet the needs of Albertans.

As part of the work the ministry does to provide innovative and efficient public infrastructure, the ministry continually strives to enhance its role as a centre of excellence. This includes continually assessing and implementing best practices in creating essential buildings for Albertans, such as the Edmonton Remand Centre and the Royal Alberta Museum. All new buildings constructed by Alberta Infrastructure are targeting a Leadership in Energy and Environmental Design (LEED) Silver certification. The Federal Building, projected to be complete in fall 2013, is targeting LEED Gold rating. Additionally, in partnership with Alberta Municipal Affairs, Infrastructure built over 200 homes in three subdivisions to accommodate residents of the Slave Lake area displaced by the May 2011 wildfires. The newly-opened, world-class Greenhouse Research and Production Complex near Brooks will help ensure that Alberta's crop industry is among the most competitive and progressive in the world.

Performance Measures

To indicate how well the ministry performed in achieving Goal One, the physical condition of existing health facilities, schools and post secondary institutions are monitored and reported.

The Facility Condition Index (FCI) was adopted as a common measure to enhance reporting by enabling the ministry to compare condition ratings across facility types (health facilities, schools, post secondary institutions and government-owned facilities). The FCI is produced slightly differently for different facility types depending on the amount of data available and the ability of on-site facility operators to update the data. The FCI is the ratio of the cost to correct current and future (five year) physical condition deficiencies, relative to current facility replacement values. The percentag ; are calculated by taking the square metres of all facilities in good, fair or poor condition (as defined by FCI) and dividing each by the total area of all buildings.

The interpretation of FCI values for building infrastructure is as follows:

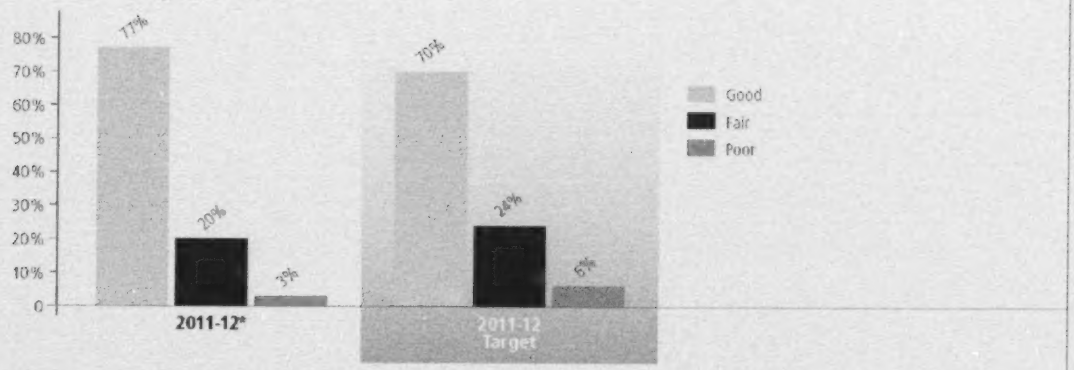
Condition	FCI Definition	Capital Planning Initiative Definition
Good	Facilities with an FCI of less than 15%	Adequate for intended use and expected to provide continued service life with average maintenance.
Fair	Facilities with an FCI that is equal to or greater than 15%, or equal to or less than 40%	Aging components are nearing the end of their life cycle and require additional expenditures for renewal or refurbishing.
Poor	Facilities with an FCI of greater than 40%	Upgrading is required to comply with current codes or standards and deterioration has reached the point where major repairs or replacement are necessary.

NOTE: Current codes and standards are defined by the Alberta Building Code, which is revised periodically, or other mandatory requirements. Older buildings are 'grandfathered' and required to comply with the standards applicable at the time they were constructed, and not the current standards.

Performance Measure 1.a: "Health facilities – physical condition" reports the percentage of health facilities (by replacement value) rated in good, fair or poor condition using the FCI. The long-term goal of government is to preserve health facilities and other infrastructure. This measure provides data in support of long-term capital planning of health facilities across the province. This measure links to Goal Five, "Building Tomorrow – Provide the roads, schools, hospitals and other public infrastructure to meet the needs of a growing economy and population" in the *2011-14 Government of Alberta Strategic Plan.*

In 2011-12, 77 per cent of health facilities were rated in good condition, 20 per cent in fair condition and three per cent in poor condition. Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results. Revisions to the evaluation methodology are expected to have a one to two year impact on results before stabilizing. The physical condition of health facilities will continue to improve as new facilities are completed and included in the database and decommissioned facilities are removed. The quality of data captured will also continue to improve as more facilities are evaluated by independent consultants using the methodology consistent with other supported facilities.

Health Facilities – Physical Condition



* Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results.

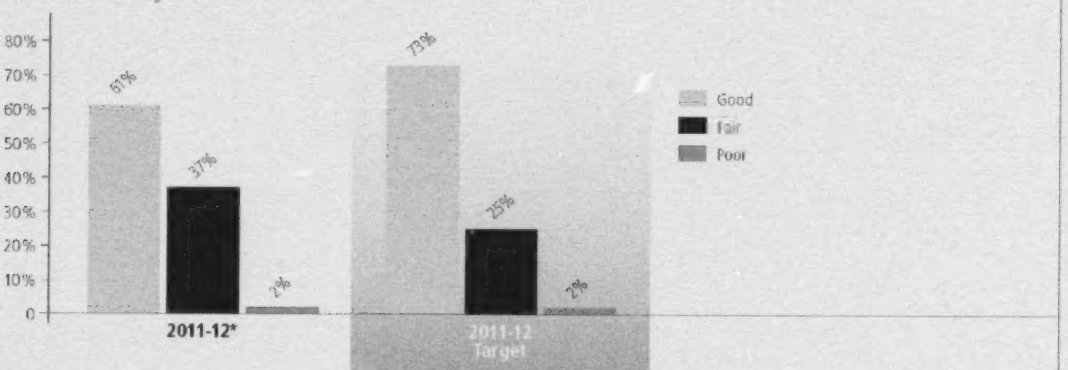
For methodology and data sources related to this measure, see page 22.

Performance Measure 1.b: "School facilities – physical condition" reports the percentage of schools (by area) rated in good, fair or poor condition using the FCI. The long-term goal of government is to preserve schools and other infrastructure. The condition measure provides data in support of long-term capital planning of school facilities across the province. This measure links to Goal Five in the *2011-14 Government of Alberta Strategic Plan*, "Building Tomorrow – Provide the roads, schools, hospitals and other public infrastructure to meet the needs of a growing economy and population."

In 2011-12, 61 per cent of schools were rated in good condition, 37 per cent in fair condition and two per cent in poor condition. Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results. Revisions to the evaluation methodology are expected to have a one to two year impact on results before stabilizing. The results of the changes to the methodology will be reflected in future years' data.

Government continues to invest in the construction of new schools, as well as the maintenance of existing schools and the replacement of inefficient facilities. Twenty-one projects were completed in 2011-12, including four new schools, three replacement schools and 14 modernizations. There are currently more than 81 active projects in the province as of March 31, 2012, including 14 new schools opening in 2012-13 and 35 projects, 22 new schools and 13 modernizations, as announced in May 2011.

School Facilities – Physical Condition



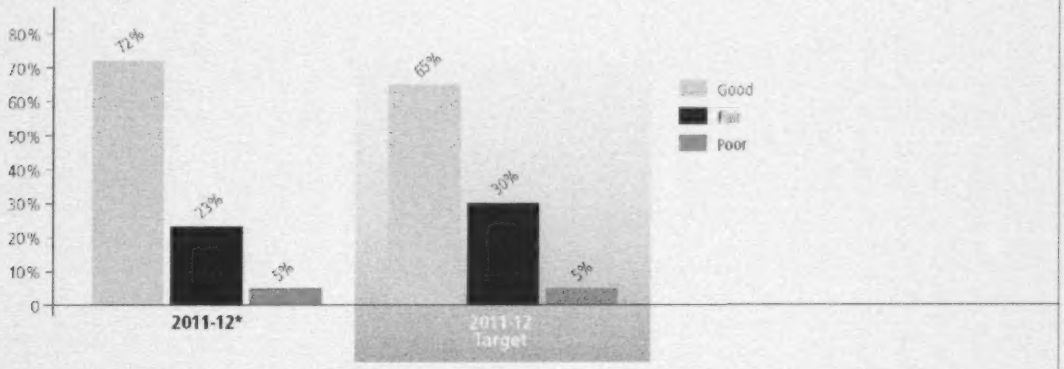
* Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results.

For methodology and data sources related to this measure, see page 23.

Performance Measure 1.c: "Post secondary facilities – physical condition" reports the percentage of post secondary facilities (by area) rated in good, fair or poor condition using the FCI. The long-term goal of government is to preserve post secondary facilities and other infrastructure. The condition measure provides data in support of long-term capital planning of post secondary facilities across the province. This measure links to Goal Five of the *2011-14 Government of Alberta Strategic Plan*, "Building Tomorrow – Provide the roads, schools, hospitals and other public infrastructure to meet the needs of a growing economy and population."

For 2011-12, the percentage of post secondary facilities rated in good condition was 72 per cent, a seven per cent increase over the target. The percentage of facilities rated in fair condition was 23 per cent and five per cent of facilities were rated in poor condition. Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results. Changes to methodology established in the previous year will continue to impact results over the next year before stabilizing. In 2011-12, approximately $79.3 million was provided to institutions from the Infrastructure Maintenance Program.

Post Secondary Facilities – Physical Condition



* Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results.

For methodology and data sources related to this measure, see page 23.

GOAL 2 – Sustainable public infrastructure.

In 2011-12, Infrastructure spent approximately $230 million to support the environmental, operational and financial sustainability of public infrastructure. The ministry integrates high environmental, energy efficiency and sustainability standards into the design and construction of new infrastructure and applies preservation, energy conservation best practices and life cycle management principles to existing public infrastructure.

The Building Owners and Managers Association (BOMA) Building Environmental Standards (BESt) Certification program demonstrates the compliance of existing commercial buildings with best practices in energy, waste and water reduction. As of March 31, 2012, Alberta Infrastructure had certified 83 of its large, public government-owned buildings with BOMA BESt, with 25 of these buildings being recertified in 2011-12. Additionally, 25 leased buildings in which the Province is a large or major tenant have obtained BOMA BESt certification. Both the Red Deer and Rocky Mountain House provincial buildings were identified as among the best-operated facilities in the country for their energy performance, waste management and occupational health and safety. On average, office buildings operated by Alberta Infrastructure are more energy efficient than industry standard and powered entirely by EcoLogo-certified electricity from local wind farms.

In November 2011, the Ministry of Infrastructure released a Greening Government Action Plan to support the Greening Government Strategy to reduce the environmental impacts of government operations.

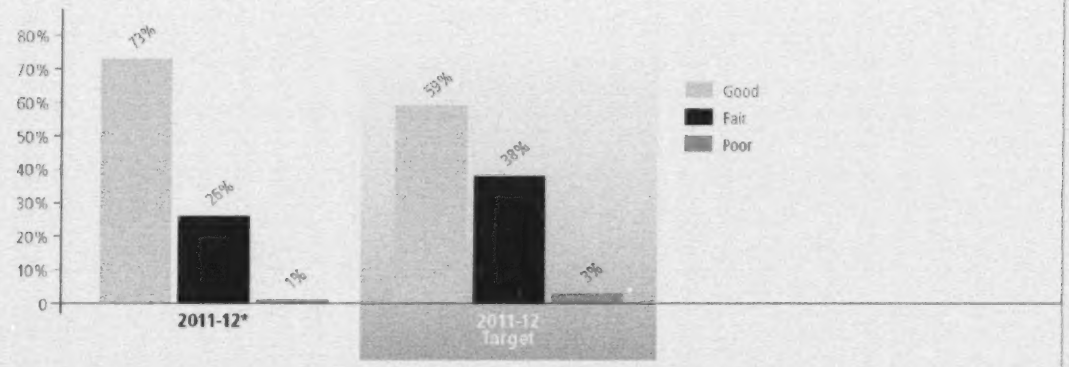
Performance Measures

Two performance measures are used to indicate how well the ministry performed in achieving Goal Two: "Government owned and operated facilities – physical condition" and "Energy consumption in megajoules per square meter in government owned and operated facilities." These measures align with the Government of Alberta core business of General Government.

Performance Measure 2.a: "Government owned and operated facilities – physical condition" reports the percentage of government owned and operated facilities (by area) in good, fair or poor condition using the FCI. This measure supports the Government of Alberta core business of General Government. In 2011-12, 73 per cent of government owned and operated facilities were rated in good condition, 26 per cent in fair condition and one per cent in poor condition. Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results.

Many government owned and operated facilities were built between 1975 and 1985 and are approaching a time when major upgrading or refurbishment will be required to maintain them. In 2011-12, expenditure totaled $9.9 million in capital maintenance and renewal projects for the preservation of government-owned facilities.

Government Owned and Operated Facilities – Physical Condition



* Due to improvements made to the methodology that resulted in greater consistency in calculating the FCI across health facilities, schools, post secondary institutions and government-owned facilities, current results are not comparable to previous years' results.

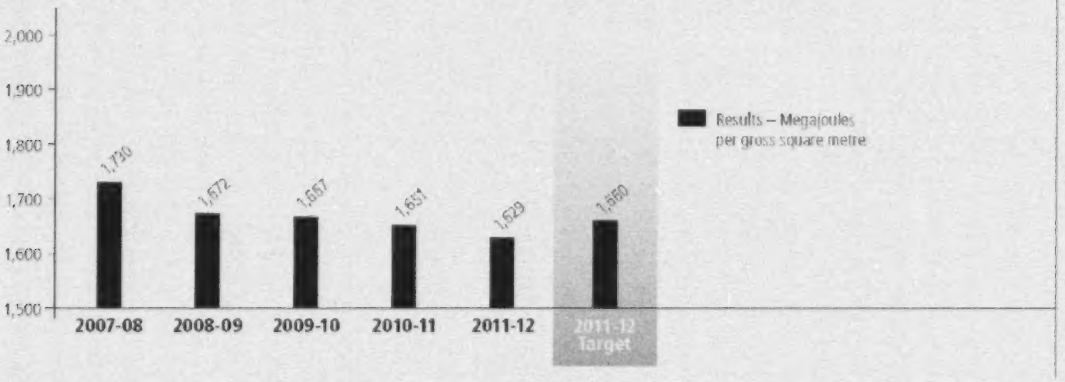
For methodology and data sources related to this measure, see page 23.

Performance Measure 2.b: "Energy consumption in megajoules per square metre in government owned and operated facilities" reports how effectively the ministry is managing energy and associated costs in government-owned buildings. This measure assists the ministry in fulfilling its responsibility to effectively manage all owned facilities to support the delivery of government programs and to identify and implement energy saving initiatives to achieve cost and environmental benefits. The energy consumption measure supports the Government of Alberta core business of General Government.

In 2011-12, the energy consumption of government owned and operated facilities was 1,629 megajoules per square metre, lower than the target of 1,660 megajoules per square metre. The results from 2011-12 confirm the positive impact of measures taken during the year to reduce energy consumption. These include an increased awareness of energy management as an important component for BOMA BESt certifications, modified operating hours and daytime cleaning in various office building and the decommissioning of some vacant and underutilized buildings.

This measure is also affected by several factors that are beyond the control of Alberta Infrastructure and are therefore difficult to predict. These include changes to building usage and occupancy levels and climate variations. Major energy saving measures have already been identified and implemented in previous years resulting in fewer opportunities to improve upon energy use through conservation measures in the future.

Energy Consumption in Government Owned and Operated Facilities



For methodology and data sources related to this measure, see page 24.

GOAL 3 – Safe and cost effective accommodation.

In 2011-12, the Ministry of Infrastructure spent $211 million to support safe and cost effective accommodation for government. The ministry provides facility and accommodation services to all government ministries and assists client ministries in the acquisition and disposal of property. The ministry also works with Treasury Board and Enterprise to ensure adequate funding is available to meet accommodation needs for government's priority programs.

Infrastructure and the Ministry of Solicitor General and Public Security work together to provide physical security for all visitors and occupants of government owned and leased facilities. This year, security enhancements were completed at the Northern and Southern Jubilee Auditoriums and the Valleyview and High Prairie Provincial Buildings. The ministry also completed a government-wide Security Review report to support security improvements in all buildings across government.

The *Land Assembly Project Area Act*, which was introduced in 2009, was amended and received Royal Assent on December 8, 2011. Infrastructure engaged internal government stakeholders and external partners to ensure full consultation and incorporated their feedback into the amendments. Improvements introduced clarify what types of projects fall under the Act, give property owners a clearer process when government buys land for long-term, large scale transportation projects like ring roads or water reservoirs, gives property owners in Alberta more options if their land is required for major infrastructure projects and gives them access to full compensation under the *Expropriation Act* and the courts.

This past year, the Ministry of Infrastructure began to implement the approved recommendations from the Government Accommodation Review as a part of a larger Corporate Asset Management Program (CAMP), which encompasses all government space, including warehouses and research facilities. The purpose of CAMP is to redefine how the government building portfolio is managed by ensuring evidence-based decision-making, determining full life cycle needs from planning to maintenance and embracing sustainability modelling through such programs as LEED and BOMA BESt. Through CAMP, Infrastructure is improving a corporate approach to planning land, buildings, space and furniture; developing enhanced asset information systems; and enhancing project delivery and coordination.

Performance Measures

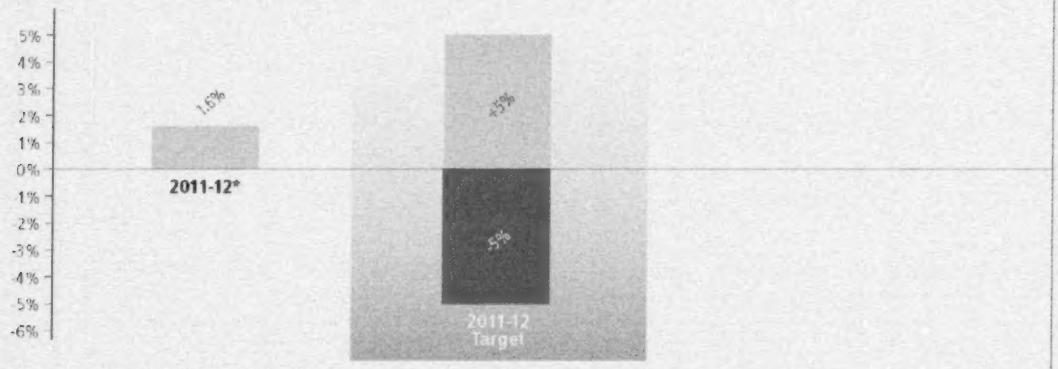
One performance measure, "Percentage difference between average operating cost per square metre of government owned and operated office space and leased space," is used to indicate how well the ministry performed in achieving Goal Three, "Safe and cost effective accommodation." This measure also links to the Government of Alberta core business of General Government.

Performance measure 3.a: "Percentage difference between average operating cost per square metre of government owned and operated office space and leased space" compares the cost of operating government owned and operated office space to that of leased office space. The goal of government is to control the costs and maintain the value of our building infrastructure. The ministry is responsible for the effective management of all owned facilities to support the delivery of provincial government programs. This measure also supports the Government of Alberta core business of General Government.

In 2011-12, the average operating cost of government owned and operated office space was $99.59 per square metre. Compared to leased building operating costs, the benchmark result was 1.6 per cent above the Alberta industry average. This result is within the ±5 target range.

This measure can be directly impacted by inflationary pressures such as rising costs associated with utilities and contracts, as well as ongoing maintenance requirements.

Percentage Difference Between Average Operating Cost of Government Owned and Operated Office Space and Leased Space



* Due to improvements made to the methodology, the 2010-11 results were not available to be reported. The 2010-11 and past results have been omitted from the graph as they are based on the previous methodology and are not comparable to current actual results which are based on the new methodology.

For methodology and data sources related to this measure, see page 24.

GOAL 4 – Responsible growth and management in the oil sands.

In 2011-12, the Ministry of Infrastructure spent $2 million to support responsible growth and management in the oil sands. Infrastructure has progressed on the implementation of *Responsible Actions: A Plan for Alberta's Oil Sands*, Alberta's 20-year strategic plan to address environmental, social and economic issues and opportunities in the oil sands regions, by executing over 50 projects across government, including the development of Comprehensive Regional Infrastructure Sustainability Plans (CRISP) for the Athabasca and Cold Lake Oil Sands Areas.

These Plans are a long-term, flexible and integrated approach to planning for growth and investment in oil sands areas, requiring coordination between the Government of Alberta, municipalities, non-government organizations, industry and Aboriginal communities. CRISP is intended to optimize economic growth, reduce the environmental footprint and increase the quality of life for Albertans today and in the future by focusing on urban expansion, transportation, schools, health and correctional facilities, water and wastewater treatment facilities and utilities. As part of the implementation of these plans, the Government of Alberta has committed more than $2.5 billion in infrastructure for Fort McMurray.

In response to the significant growth pressures, Infrastructure is continuing to advance the release of more than 1,000 acres of Crown lands around Fort McMurray to help stabilize land prices, address the need for more housing, educational and commercial space and improve affordability.

Performance Measures

One performance measure, "Annual progress on *Responsible Actions* implementation," is used to indicate how well the ministry performed in achieving Goal Four, "Responsible growth and management in the oil sands." This measure supports Goal One of the *Government of Alberta 2011-14 Strategic Business Plan*, "Resourceful. Responsible – Ensure Alberta's energy resources are developed in an environmentally sustainable way."

Performance Measures 4.a: "Annual progress on *Responsible Actions* implementation" reports the percentage of desired outcomes achieved from *Responsible Actions: A Plan for Alberta's Oil Sands*. The long-term goal of government is to ensure the responsible growth and management of oil sands resources. This measure provides data in support of government's coordinated efforts to build community capacity and develop physical infrastructure to address pressures related to the rapid growth of Alberta's oil sands. As of March 31, 2012, 35 per cent the objectives in the *Responsible Actions* strategic plan had been completed.

Responsible Actions was released in 2009 to address all aspects of oil sands development including social and physical infrastructure, environment, economy, research, technology and innovation. The *Implementation Plan*, released in March 2010, outlines how the ministry is collaborating with 23 ministries and agencies across government, as well as with stakeholder groups, including industry, associations and Aboriginal communities. The Plan details expected timelines and desired outcomes. Annual progress reports highlight key achievements from the past year.

For methodology and data sources related to this measure, see page 24.

Ministry Expense by Function

Ministry of Infrastructure
Expense by Function for the year ended March 31, 2012
(in thousands)

	2011-12 Budget	2011-12 Actual	Comparable 2010-11 Actual
	(Estimates)		
General Government	$ 602,686	$ 541,680	$ 476,325
Health	883,078	560,645	146,267
Environment	30,925	33,096	34,156
Protection of Persons and Property	—	—	16,255
Transportation, Communications and Utilities	4,261	4,171	3,874
Education	2,655	3,219	6,168
Housing	58,970	1,534	537
Regional Planning and Development	3,041	2,199	2,396
Total Expense by Function	**$ 1,585,616**	**$ 1,146,544**	**$ 685,978**

In accordance with Government of Alberta accounting principles, the Ministry of Infrastructure classifies its expenses into eight functions. Each of these functions identifies the principal purpose for which ministry expenditures are incurred. Expense by Function is only for operating expenditures.

Overall, approximately 96 per cent of the ministry's expenditures support the functions of General Government and Health.

Methodology and Data Sources

Goal One – Safe, innovative and cost effective public infrastructure.

The performance measures for Goal One use a Facility Condition Index (FCI) value to report the physical condition of facilities. The FCI is the ratio of the cost to correct current and future (five year) physical condition deficiencies, relative to current facility replacement value. A standard replacement cost methodology is used across all facility types. The percentages are then calculated by taking the replacement values of facilities in good, fair or poor condition (as defined by FCI) and dividing each by the total area of all facilities.

The FCI was adopted as a common measure to enhance reporting by enabling the ministry to compare condition ratings across facility types (health facilities, schools, post secondary institutions and government-owned facilities). The FCI is produced slightly differently for different facility types depending on the amount of data available and the ability of on-site facility operators to update the data.

Data are collected through periodic condition assessments conducted by consultants and coordinated by ministry staff. If a facility has been constructed or completely refurbished within the last 10 years, and there has been no audit, it is rated as "good." Between consultant assessments, facility managers update facility information directly in the evaluation database, providing more detailed and timely condition information. Consultant assessments serve the dual purpose of updating the condition information, as well as validating the data entered by the facility managers.

The data are then stored in an electronic database using a program called Real Estate Capital Asset Priority Planning (RECAPP). RECAPP is produced and maintained by a private sector vendor. The software and its associated methodology are used by other jurisdictions in education, public works and property management settings.

Because of changes to reporting timelines, results for 2010-11 were not available. The *2011-12 Annual Report* includes the 2010-11 results that are based on building replacement values using an improved methodology to produce more accurate and consistent FCI values.

The 2007-10 results have been omitted from the graphs as they are based on the obsolete methodology and are not comparable to the current actual results.

Performance Measure 1.a: Health Facilities – Physical Condition

This measure uses a combination of two methodologies. In 2008, the ministry started using the Facility Condition Rating (FCR), which is the FCI established at the time of a consultant audit. Since 2008, 186 facilities have been evaluated to produce an FCR; this represents 59 per cent of facilities over 1,000 gross square metres owned by Alberta Health Services. For health facilities not evaluated by consultants, the FCI was calculated based on detailed five-year physical condition deficiency lists provided by the former health regions, supplemented with review by Infrastructure. Going forward, the intention is to conduct consultant assessments over a five-year cycle, with approximately one-fifth (20 per cent) of the facilities assessed and their condition rated each year. The condition ratings from current year assessments will be combined with those of previous years. This measure excludes leased facilities and facilities that are not eligible for Infrastructure Maintenance Program funding. To optimize evaluation funds, this measure does not include facilities with an area of less than 1,000 gross square meters.

Performance Measure 1.b: School Facilities – Physical Condition

This performance measure uses the FCI value to report the physical condition of school facilities. The school facilities measure uses the Facility Condition Rating (FCR), which is the FCI established at the time of a consultant audit. Consultant assessments are conducted over a five-year cycle, with approximately one-fifth (20 per cent) of the facilities assessed and their condition rated each year. The condition ratings from current year assessments are combined with those of previous years. Approximately 80 per cent of condition ratings are based on prior year facility assessments. Assessments are conducted for school facilities owned by school boards and funded by the Government of Alberta, and do not include outreach facilities. To optimize evaluation funds, this measure does not include facilities with an area of less than 1,000 gross square metres. However, the area of these excluded schools is less than half of one per cent of the total schools area and would not impact the measure.

Performance Measure 1.c: Post Secondary Facilities – Physical Condition

This performance measure uses the FCI value to report the physical condition of post secondary facilities. The post secondary institutions measure uses the "Year End" FCI, which is initially based on a consultant assessment but changes annually based on updated information entered into RECAPP by the institutions. The intention is to conduct assessments on a five-year cycle, with approximately one-fifth (20 per cent) being evaluated per year. However, a growing inventory is affecting the cycle with approximately one-seventh (14 per cent) of the post secondary facilities being assessed and their condition rated each year. This measure does not include "unsupported" facilities, such as residences, parkades and commercial facilities. To optimize evaluation funds, this measure does not include facilities with an area of less than 1,000 gross square metres.

Because of changes to reporting timelines, results for 2010-11 were not available. The *2011-12 Annual Report* includes the 2010-11 results that are based on building replacement values using an improved methodology to produce more accurate and consistent FCI values.

Goal Two – Sustainable public infrastructure.

Performance Measure 2.a: Government Owned and Operated Facilities – Physical Condition

This performance measure uses the FCI value to report the physical condition of government owned and operated facilities. The measure uses the Facility Condition Rating (FCR), which is the FCI established at the time of a consultant audit. Consultant assessments are conducted over a five-year cycle, with approximately one-fifth (20 per cent) of the facilities assessed and their condition rated each year. The condition ratings from current year assessments are combined with those of previous years. Approximately 80 per cent of condition ratings are based on prior year facility assessments. Facilities owned by the provincial government but on a long-term lease to a third party, that is responsible for all operation and maintenance, are excluded from this measure. Surplus properties approved for disposal are also excluded. To optimize evaluation funds, this measure only includes facilities that are over 1,000 gross square metres in size, comprising approximately 90 per cent of the total area of all facilities combined.

Because of changes to reporting timelines, results for 2010-11 were not available. The *2011-12 Annual Report* includes the 2010-11 results that are based on building replacement values using an improved methodology to produce more accurate and consistent FCI values.

The 2008-09 and past results have been omitted from the graph as they are based on the obsolete six point rating methodology and are not comparable to the current actual results, which are based on the FCI methodology.

Performance Measure 2.b: Energy Consumption in Megajoules per Square Metre in Government Owned and Operated Facilities

The measure indicates how effectively the ministry is managing energy and associated costs in government-owned buildings using a simple formula: the total annual energy consumption for all buildings divided by the buildings' total gross square metres.

Energy consumption data for over 1,200 gas and electricity sites are provided by various retailers during the year and entered into the Energy Consumption Reporting System. The data are validated, converted from gigajoules and kilowatt-hours into megajoules, and totaled for all buildings. The gas total is adjusted using monthly actual and normal degree day data from Environment Canada to compensate for weather variations. To calculate the measure, the total weather-adjusted consumption is divided by the total square metres based on building areas reported by the Building and Land Information Management System.

Goal Three – Safe and cost effective accommodation.

Performance Measure 3.a: Percentage Difference Between Average Operating Costs per Square Metre of Government Owned and Operated Office Space and Leased Space

This measure compares the average annual operating cost per rentable square metre of office space in government-owned facilities operated by Infrastructure to an industry benchmark, which is based on the average operating costs for a sample of leased facilities.

Data for 71 owned buildings, totalling 373,549 square metres, and 22 leased buildings, totalling 483,900 square metres, were used for the comparison.

Eligible operating costs are consistent with the discontinued survey criteria used by the Building Owners and Managers Association (BOMA) to assess facilities management practices in office buildings. Operating costs include the costs of administration, caretaking, grounds, security/safety, routine buildings maintenance, utilities and insurance. Property taxes, which are beyond the control of Alberta Infrastructure, are excluded from the calculation, as are major maintenance project costs and amortization costs. Areas excluded from the rentable space calculation include interior parking, elevator/mechanical shafts and external walls.

This measure can be directly impacted by inflationary pressures, such as rising costs associated with utilities and contracts, as well as ongoing maintenance requirements.

Goal Four – Responsible growth and management in the oil sands.

Performance Measure 4.a: Annual Progress on *Responsible Actions* Implementation

A reporting and monitoring tool is used to support the implementation of *Responsible Actions*. Implementation requires the participation of nearly every Government of Alberta ministry. This tool allows for timely access to current project information for annual reporting purposes across government.

FINANCIAL INFORMATION

Financial Statements for the year ended March 31, 2012

CONTENTS

28 Auditor General's Report

29 Statements of Operations

30 Statements of Financial Position

31 Statements of Cash Flows

32 Notes to the Financial Statements

42 Schedule 1 – Revenues

43 Schedule 2 – Credit or Recovery

44 Schedule 3 – Expenses – Directly Incurred Detailed by Object

45 Schedule 4 – Budget

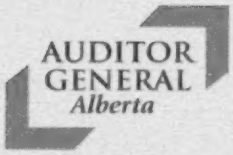
46 Schedule 5 – Comparison of Expenses – Directly Incurred, EIP and Capital Investment and Statutory Expenses by Element to Authorized Budget

48 Schedule 6 – Salary and Benefits Disclosure

49 Schedule 7 – Related Party Transactions

51 Schedule 8 – Allocated Costs

Independent Auditor's Report



To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Ministry of Infrastructure, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ministry of Infrastructure as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 4, 2012

Edmonton, Alberta

MINISTRY OF INFRASTRUCTURE
STATEMENT OF OPERATIONS
Year ended March 31, 2012

	2012		2011
	Budget (Schedule 4)	Actual	Actual (Restated Note 3)
		(in thousands)	
Revenues (Schedule 1)			
Transfers from the Government of Canada	$ 25,000	$ 6,201	$ 748
Investment Income	5,000	5,149	6,559
Parking and Other Fees	2,700	3,253	3,194
Other Revenue	23,941	155,095	106,731
	56,641	169,698	117,232
Expenses - Directly Incurred (Note 2(b) and Schedule 8)			
Program (Schedules 3 and 5)			
Ministry Support Services	18,710	17,876	15,893
Government Operations	523,912	513,975	477,250
Health Facilities Support	870,945	545,648	145,193
Other Programs and Services	172,049	69,045	47,642
	1,585,616	1,146,544	685,978
Net Operating Results	$ (1,528,975)	$ (976,846)	$ (568,746)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF INFRASTRUCTURE
STATEMENT OF FINANCIAL POSITION
As at March 31, 2012

	2012	2011 (Restated Note 3)
	(in thousands)	
Assets		
Cash and Cash Equivalents	$ 9,494	$ 11,034
Accounts Receivable (Note 4)	159,185	18,865
Advances (Note 5)	66	72
Inventories (Note 6)	71,194	28,818
Tangible Capital Assets (Note 7)	2,651,776	2,468,846
	$ 2,891,715	$ 2,527,735
Liabilities		
Accounts Payable and Accrued Liabilities	$ 218,685	$ 182,933
Holdbacks Payable	76,952	60,940
Unearned Revenue	14,396	4,583
Liabilities for Future Site Remediation and Reclamation (Note 2b)	48,516	44,584
	$ 358,549	$ 293,040
Net Assets		
Net Assets at Beginning of Year, as restated (Note 3a)	$ 2,234,695	$ 2,096,400
Net Operating Result	(976,846)	(568,746)
Net Financing Provided from General Revenues	1,275,317	707,041
Net Assets at End of Year	2,533,166	2,234,695
	$ 2,891,715	$ 2,527,735

Contractual obligations and contingent liabilities (Notes 8 and 11)

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF INFRASTRUCTURE
STATEMENT OF CASH FLOWS
Year ended March 31, 2012

	2012	2011 (Restated Note 3)
	(in thousands)	
Operating Transactions		
Net Operating Result	$ (976,846)	$ (568,746)
Non-cash items included in Net Operating Results:		
Amortization	81,685	78,904
Consumption of Inventory	3,598	2,506
Net (Gain) on Disposal of Tangible Capital Assets	(6,047)	(16,145)
Loss on Write-down of Tangible Capital Assets	22,810	-
Grants in Kind	-	6,631
Other	4,148	4,148
Provision for Vacation pay	1,025	527
Provision for Doubtful Accounts	13	46
	(869,614)	(492,129)
Changes in Working Capital		
(Increase) Decrease in Accounts Receivable	(140,333)	(10,965)
(Increase) Decrease in Advances	106	45
Increase (Decrease) in Accounts Payable and Accrued Liabilities	34,727	100,347
Increase (Decrease) in Holdbacks Payable	16,012	32,481
Increase (Decrease) in Unearned Revenue	9,813	(4,472)
Decrease in Liabilities for Future Site Remediation and Reclamation	(216)	(264)
Cash Applied to Operating Transactions	(949,505)	(374,957)
Capital and Inventory Transactions		
Acquisition of Tangible Capital Assets	(286,331)	(311,777)
Purchase of Inventories	(45,974)	(23,676)
Transfer of Tangible Capital Assets to Other Government Entities	(1,617)	3,206
Proceeds from Disposal of Tangible Capital Assets	6,570	10,762
Cash Applied to Capital Transactions	(327,352)	(321,485)
Financing Transactions		
Net Financing Provided from General Revenues	1,275,317	707,041
Cash Provided by Financing Transactions	1,275,317	707,041
(Decrease) in Cash and Cash Equivalents	(1,540)	10,599
Cash and Cash Equivalents, Beginning of Year	11,034	435
Cash and Cash Equivalents, End of Year	$ 9,494	$ 11,034

NOTE 1 AUTHORITY AND PURPOSE

The Ministry of Infrastructure (the "Ministry") operates under the authority of the *Government Organization Act, Chapter G-10, Revised Statutes of Alberta 2000.*

The Minister of Infrastructure (the "Minister") is responsible for working with partners and stakeholders to:

- support the provision of health, learning, and other public infrastructure;
- operate, maintain and preserve government-owned and leased properties;
- provide professional expertise on capital planning, design, construction, procurement, costing, project management and facility evaluation and preservation;
- provide accommodation and realty services to all government ministries, including space planning and leasing as well as the purchase and sale of property;
- manage the Edmonton and Calgary Transportation and Utility Corridors, and the Swan Hills Treatment Centre; and
- land planning and land development in the Wood Buffalo Region.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting Standards.

(a) Reporting Entity

The reporting entity is the Ministry of Infrastructure for which the Minister of Infrastructure is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues
All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return. Internal government transfers are recognized as revenue when received.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made. Transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities or unearned revenue.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Credit or Recovery

Credit or Recovery initiatives provide a basis for authorizing spending. Credit or Recoveries are shown in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual credit or recovery amounts exceed budget, the Ministry may, with the approval of the Treasury Board Committee, use the excess to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's credit or recovery initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees, indemnities and site remediation.
- government transfers which are transfers of money to an individual, an organization or another government for which the Ministry does not receive any goods or services directly in return. The major types of transfers and corresponding recognition criteria are as follows:
  - grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made;
  - entitlements, which are non-discretionary because the amounts and recipients are prescribed, are recognized when eligibility occurs;
  - transfers under shared cost agreements, which are reimbursements of eligible expenditures, are recognized when the expenditures occur.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are not recognized and are disclosed in Schedule 7 and allocated to programs in Schedule 8.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as inventories held for resale.

Inventories are valued at lower of cost or replacement cost.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000. All land is capitalized.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Tangible capital assets of the Ministry include work in progress. These costs are capitalized but not amortized until the asset is in service.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

Amortization is only charged if the asset is in use.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in a sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Ministry and its liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The department operates within the government reporting entity, and does not finance all its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances, accounts payable, accrued liabilities, and holdbacks are estimated to approximate their carrying values because of the short term nature of these instruments.

Site Remediation and Reclamation Liabilities

The Ministry has compiled a list of all potential sites and reviews the list at least annually.

Site remediation and reclamation liability is recorded when:
- the sites are no longer in operation and where remediation is legally enforceable.
- the sites are in operation and remediation will take place when the asset is retired.

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

Site Remediation and Reclamation

Liabilities for Future Site Remediation and Reclamation recorded as $48,516 (2011-$44,584) in these financial statements are subject to measurement uncertainty.

The recorded amount is based on management's estimates and historical costs to remediate or reclaim sites as well as expected expenditures on future reclamation activity. Actual costs may vary from these estimates and the variances may be material.

NOTE 3 GOVERNMENT REORGANIZATION
(in thousands)

During the year, the Ministry restated the financial statements previously presented for the effects of changes resulting from program transfers to other departments of the government. The financial impact of these changes on net assets is explained further below.

(a) Program Transfers

	As Previously Reported	Transfer from Treasury Board (a)	Transfer from Service Alberta (b)	Transfer from Alberta Social Housing Corporation (c)	As Restated
Inventory, at March 31, 2010	2,300	-	-	5,348	7,648
Inventory, purchased (consumed) in 2011	(6)	-	-	21, 176	21,170
Inventory, at March 31, 2011	2,294	-	-	26,524	28,818
Net Assets at March 31, 2010	2,091,052		-	5, 348	2,096,400
Net Operating Result	(565,518)	(2,396)	(295)	(537)	(568,746)
Net Financing provided from (to) General Revenues	686, 042	1, 890	295	18, 814	707,041
Net Assets at March 31, 2011	**2,211,576**	**(506)**	**-**	**23, 625**	**2,234,695**

(a) Effective April 1, 2011, responsibility for Oil Sands Sustainable Development was transferred from Treasury Board to the Ministry of Infrastructure. The 2011 comparatives for Ministry Support Services have been restated as if the Ministry had always been assigned with its current responsibilities.

(b) Effective April 1, 2011, responsibility for Furniture Services was transferred from Service Alberta to the Ministry of Infrastructure. The 2011 comparatives for Other Programs and Services have been restated as if the Ministry had always been assigned with its current responsibilities.

(c) Effective April 1, 2011, responsibility for land planning and land development in the Wood Buffalo Region was transferred from Alberta Social Housing Corporation to the Ministry of Infrastructure. The 2011 comparatives for Other Programs and Services have been restated as if the Ministry had always been assigned with its current responsibilities.

NOTE 4 ACCOUNTS RECEIVABLE

(in thousands)

	2012			2011
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Swan Hills Treatment Centre	$ 2,339	$ -	2,339	$ 1,645
Rental and Other	156,585	426	156,159	16,234
Cost Recoveries	687	-	687	986
	$ 159,611	$ 426	$ 159,185	$ 18,865

Accounts receivable are unsecured and non-interest bearing.

NOTE 5 ADVANCES

(in thousands)

	2012			2011
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Other advances	66	-	66	172
	$ 66	$ -	$ 66	$ 172

NOTE 6 INVENTORIES

(in thousands)

Inventories consist of chemicals for the Swan Hills Treatment Plant as well as land held for resale for the Parsons Creek project in the Wood Buffalo Region.

	2012	2011 (Restated)
Swan Hills Inventory	2,187	2,294
Land Held for Resale	69,007	26,524
	71,194	28,818

NOTE 7 TANGIBLE CAPITAL ASSETS

(in thousands)

The cost of assets and the related accumulated amortization for the Ministry are summarized below.

		2012 Historical Cost [1]			
	Estimated Useful Life	Beginning of Year	Additions	Disposals, adjustments, write-downs	End of Year
Land	Indefinite	$ 743,433	$ 20,940	$ (97)	$ 764,276
Land Improvements	40 years	11,549	445	-	$ 11,994
Buildings	40 years	2,717,494	243,470	(19,962)	$ 2,941,002
Equipment	5-40 years	23,121	2,010	31	$ 25,162
Computer hardware and software	3-10 years	27,301	6,367	-	$ 33,668
Other [2]	3-40 years	171,879	13,099	(1,669)	$ 183,309
		$ 3,694,777	$ 286,331	$ (21,697)	$ 3,959,411
2011 Total		$ 3,389,621	$ 311,777	$ (6,621)	$ 3,694,777

	2012 Accumulated Amortization				Net Book Value	
	Beginning of Year	Amortization Expense	Effect of Disposals	End of Year	March 31, 2012	March 31, 2011
Land	$ -	$ -	$ -	$ -	$ 764,276	$ 743,433
Land Improvements	3,491	528	-	$ 4,019	7,975	8,058
Buildings	1,114,663	53,239	4	$ 1,167,906	1,773,096	1,602,831
Equipment	14,250	2,191	15	$ 16,456	8,706	8,871
Computer hardware and software	18,310	2,781	-	$ 21,091	12,577	8,991
Other [2]	75,217	22,946	-	$ 98,163	85,146	96,662
	$ 1,225,931	$ 81,685	$ 19	$ 1,307,635	$ 2,651,776	$ 2,468,846
2011 Total	$ 1,149,192	$ 78,904	$ (2,165)	$ 1,225,931		

[1] Included in the cost of land improvements, buildings, equipment, computer hardware and software is work in progress amounting to $858,699 (2011 - $639,551).

[2] Includes trailers and leasehold improvements.

NOTE 8 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011 Restated
Capital Investment		
Construction Contracts and Service Agreements	$ 452,148	$ 561,685
Expense		
Maintenance Contracts and Service Agreements	1,213,076	1,133,133
Grants	1,205,606	859,193
Long-term Leases	870,142	943,968
	$ 3,740,972	$ 3,497,979

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

	Capital Investment	Expense			
	Construction Contracts and Service Agreements	Maintenance Contracts and Service Agreements	Grants	Leases	Grand Total
2013	$ 184,556	$ 170,473	$ 464,445	$ 185,304	$ 1,004,778
2014	101,579	140,866	400,416	158,763	801,624
2015	77,954	101,851	197,294	129,443	506,542
2016	55,840	56,709	143,204	111,130	366,883
2017	32,219	53,719	238	90,215	176,391
Thereafter	-	689,458	9	195,287	884,754
	$ 452,148	$ 1,213,076	$ 1,205,606	$ 870,142	$ 3,740,972

NOTE 9 SWAN HILLS TREATMENT CENTRE

On December 31, 2000, the buildings and equipment of the Swan Hills Treatment Centre were acquired by the Ministry for one dollar from a subsidiary of Bovar Inc. The facility is operated by the Ministry through a contracted operator and results of operations are included in these financial statements.

In addition, certain lands relating to the Swan Hills Treatment Centre and the associated environmental obligations were transferred to the Ministry effective March 31, 2004.

As a result of an agreement between Ministers of Environment, Infrastructure, and Sustainable Resource Development, the land and responsibilities of the Swan Hills Waste Treatment Centre and related warehouse sites were transferred to the Ministry.

A study was done by an environmental consultant in October 2002 to determine the estimated cost of remediating and monitoring the Swan Hills Treatment Centre site in 2018. During the 2007-2008 fiscal year, an environmental consultant updated the estimate to $62.14 million. The annual provision is $4.148 million based on the revised liability of $62.14 million in 2018.

At March 31, 2012 the assets and liabilities of plant operations were as follows:

	2012	2011
	(in thousands)	
Assets		
Accounts Receivable	$ 2,339	$ 1,645
Chemical and parts inventories	2,187	2,294
Capital Assets	12,431	12,810
	$ 16,957	$ 16,749
Liabilities		
Accounts Payable and Accrued Liabilities	$ 5,186	$ 4,216
Deferred Revenue	983	3,123
	$ 6,169	$ 7,339

Net operating results from plant operations for the years ended March 31 were as follows:

	2012	2011
Revenue		
Operating revenue	$ 13,415	$ 14,188
Insurance recoveries	-	1,780
	13,415	15,968
Expenses		
Plant operating expenses before inventory transactions [1]	27,348	26,606
Fire damage repairs	-	1,780
Consumption of consumable and repair part inventories	2,084	2,506
Amortization [2]	3,544	2,833
	32,976	33,725
Net operating results from plant operations	$ (19,561)	$ (17,757)
Purchase of consumable and repair part inventories	$ 1,977	$ 2,500
Capital investment in plant and equipment	$ 3,560	$ 1,145

[1] The amount reported on Schedule 5 includes expenses for environmental and financial assessments and IT Software of $154 (2011 - $134). Plant costs include a provision of $4,148 for site reclamation and environmental monitoring.
[2] Included in Financial Transactions on Schedule 5.

NOTE 10 TRUST FUNDS UNDER ADMINISTRATION

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

As at March 31, 2012, trust funds under the Ministry's administration were as follows:

	2012	2011
The General Trust Fund	$ 1,761	$ 1,609
The Security Deposit Trust Fund	151	163
	$ 1,912	$ 1,772

The General Trust Fund holds interest bearing securities posted by contractors.
The Security Deposit Trust Fund holds deposits from tenants for rented property.

NOTE 11 CONTINGENT LIABILITIES

(in thousands)

At March 31, 2012 the Ministry is a defendant in twenty-six legal/other claims (2011 - thirty one claims). Twenty-four of these claims have specified amounts totaling $372,422 and the remaining two have no specified amounts (2011 - twenty-seven claims with a specified amount of $371,247 and four with no specified amount). Six claims amounting to $1,911 (2011 - eight claims amounting to $2,692) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

NOTE 12 PAYMENTS UNDER AGREEMENT

(in thousands)

The Ministry entered into an agreement to deliver programs and services that are fully funded by Alberta Health Services. Costs under this agreement are incurred by the Ministry under authority in Section 25 of the Financial Administrations Act. Accounts payable includes $8,973 (2011- $20,008) relating to payments under the agreement.

Amounts paid and payable under agreement with the program sponsor are as follows:

	2012	2011
Alberta Health Services	$ 28,313	$ 60,000

NOTE 13 DEFINED BENEFIT PLANS

(in thousands)

The Ministry participates in the multi-employer pension plans: Management Employees Pension Plan and Public Service Pension Plan and Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $7,900 for the year ended March 31, 2012 (2011 - $6,764). Departments are not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2011, the Management Employees Pension Plan reported a deficiency of $517,726 (2010 - deficiency $397,087) and the Public Service Pension Plan reported a deficiency of $1,790,383 (2010 - deficiency $2,067,151) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $53,489 (2010- deficiency $39,559).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2012, the Bargaining Unit Plan reported an actuarial surplus of $9,136 (2011 - deficiency $4,141) and the Management, Opted Out and Excluded Plan an actuarial surplus of $10,454 (2011 - surplus $7,020). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 14 COMPARATIVE FIGURES

Certain 2011 figures have been reclassified to conform to the 2012 presentation.

NOTE 15 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

SCHEDULE TO THE FINANCIAL STATEMENTS **Schedule 1**

Revenues

Year ended March 31, 2012

	2012		2011
	Budget	Actual	Actual (Restated)
		(in thousands)	
Transfers from the Government of Canada			
Cost Recoveries and Contributions	$ 25,000	$ 6,201	$ 748
Investment Income			
Investment Income	5,000	5,149	6,559
Parking and Other Fees			
Civil Service Parking	2,700	3,253	3,194
Other Revenue			
Refunds of Expenditure	1,400	112,517	57,372
Swan Hills Treatment Plant	9,000	13,415	14,188
Rentals (Land and Buildings)	10,780	14,029	12,893
Cost Recoveries	278	2,682	3,739
Gain on Disposal of Tangible Capital Asset	-	6,036	16,536
Sales - Other	-	4,028	-
Miscellaneous	2,483	2,388	2,003
	23,941	155,095	106,731
	$ 56,641	$ 169,698	$ 117,232

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Credit or Recovery
Year ended March 31, 2012

Schedule 2

	2012		
	Authorized	Actual	(Shortfall)/ Excess
		(in thousands)	
Property Rentals (Land & Buildings)	$ 11,780	$ 14,029	$ 2,249
Swan Hills Treatment Centre	9,000	13,415	4,415
Demolition on the Alberta School for the Deaf Property	191	-	(191)
Bow Habitat Station Pond	395	395	-
New Edmonton Remand Centre Offsite Services	2,285	2,287	2
Field BC Washroom Upgrade	-	1	1
	$ 23,651	$ 30,127	$ 6,476

Property Rentals
Rent is charged to agencies of government and other entities which occupy space in government operated buildings or which utilize land owned by government.

Swan Hills Treatment Centre
The private sector is charged for the disposal of hazardous waste.

Demolition on the Alberta School for the Deaf Property
In accordance with their lease agreement at the Alberta School for the Deaf site, the City of Edmonton is required to pay for the demolition of the houses and landscaping of the site.

Bow Habitat Station Pond
The Bow Habitat Station Volunteer Society and the federal government are contributing to the construction of the fish pond at the Sam Livingston Fish Hatchery.

New Edmonton Remand Centre Offsite Services (Sewer Line)
Costs reimbursed by the City of Edmonton as development occurs along the new Edmonton Remand Centre sewer line.

Field BC Washroom Upgrade
Parks Canada is contributing to the renovation and the construction of the washroom upgrade at the Field BC Travel Information Centre.

The above dedicated revenues are included in the Statement of Operations.

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed by Object
Year ended March 31, 2012

Schedule 3

	2012		2011
	Budget	Actual	Actual (Restated)
		(in thousands)	
Salaries, Wages and Employee Benefits	$ 70,990	$ 77,388	$ 70,575
Supplies and Services	478,831	410,812	372,105
Grants	935,945	550,126	161,396
Financial Transactions and Other	110	22,935	492
Amortization of Tangible Capital Assets	97,740	81,685	78,904
Consumption of Inventory	2,000	3,598	2,506
	$ 1,585,616	$ 1,146,544	$ 685,978

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO FINANCIAL STATEMENTS
Budget
Year ended March 31, 2012

Schedule 4

	2011-12 Estimates [1]	Adjustment (a)	2011-12 Budget	Authorized Supplementary (b)	2011-12 Authorized Budget
			(in thousands)		
Revenues					
Transfers from Government of Canada	$ 25,000	$ -	$ 25,000	$ -	$ 25,000
Investment Income	5,000	-	5,000	-	5,000
Parking and Other Fees	2,700	-	2,700	-	2,700
Other Revenue	23,941	3,593	27,534	-	27,534
	56,641	3,593	60,234	-	60,234
Expenses - Directly Incurred Programs					
Ministry Support Services	18,710	-	18,710	-	18,710
Government Operations	523,912	1,191	525,103	-	525,103
Health Facilities Support	870,945	-	870,945	-	870,945
Other Programs and Services	172,049	(12,695)	159,354	(58,420)	100,934
	1,585,616	(11,504)	1,574,112	(58,420)	1,515,692
Net Operating Results	$ (1,528,975)	$ 15,097	$ (1,513,878)	$ 58,420	$ (1,455,458)
Capital Investment	$ 390,600	$ 58,506	$ 449,106	$ 80,120	$ 529,226
Non-Budgetary Disbursements	$ 63,525	$ -	$ 63,525	$ -	$ 63,525

[1] 2011-12 Estimates have been restated to include responsibility for the Oil Sands Sustainable Development Secretariat and the Parsons Creek Land Development Program which were transferred to Infrastructure in the Government Reorganization Act October 12, 2011.

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and Enterprise and credit or recovery shortfalls. In the event that actual Voted Expense and Capital Investment in the prior year exceeds the authorized spending the difference is known as an encumbrance. The encumbrance reduces the budgeted amount voted in the current year. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act*.

(b) Supplementary Estimates were approved on December 1, 2011.

MINISTRY OF INFRASTRUCTURE
SCHEDULE TO THE FINANCIAL STATEMENTS
Comparison of Directly Incurred Expense, Capital Investment and Non-Budgetary Disbursements by Element to Authorized Spending
Year ended March 31, 2012

Schedule 5

		2011-12 Estimates	Adjustments (a)	2011-12 Budget	Authorized Supplementary (b)	2011-12 Authorized Budget	Amounts Not Required To Be Voted	2011-12 Authorized Spending	Actual Expense	Unexpended (Over Expended)
						(in thousands)				
Expense and Capital Investment										
1	**Ministry Support Services**									
1.1	Minister's Office	$ 530	$ -	$ 530	$ -	$ 530	$ -	$ 530	$ 534	$ (4)
1.2	Deputy Minister's Office	705	-	705	-	705	-	705	709	(4)
1.3	Oil Sands Sustainable Development	3,041	-	3,041	-	3,041	(4)	3,037	2,026	1,011
1.4	Communications	487	-	487	-	487	-	487	485	2
1.5	Strategic Services									
	- Expense	13,947	-	13,947	-	13,947	(2,622)	11,325	11,995	(670)
	- Capital Investment	4,161	-	4,161	-	4,161	-	4,161	3,906	255
		22,871	-	22,871	-	22,871	(2,626)	20,245	19,655	590
2	**Government Operations**									
2.1	Property Operations									
	- Expense	188,891	1,000	189,891	-	189,891	-	189,891	185,478	4,413
	- Capital Investment	-	-	-	-	-	-	-	123	(123)
2.2	Leases									
	- Expense	196,760	-	196,760	-	196,760	-	196,760	188,570	8,190
	- Capital Investment	-	-	-	-	-	-	-	-	-
2.3	Accommodation Program									
	- Expense	21,430	191	21,621	-	21,621	(19,930)	1,691	1,079	612
	- Capital Investment	-	6,614	6,614	-	6,614	-	6,614	15,121	(8,507)
2.4	Government Owned Facilities Preservation									
	- Expense	9,675	-	9,675	-	9,675	-	9,675	6,144	3,531
	- Capital Investment	-	121	121	-	121	-	121	3,785	(3,664)
2.5	Land Services									
	- Expense	1,043	-	1,043	-	1,043	-	1,043	1,161	(118)
	- Capital Investment	20,000	(7,053)	12,947	-	12,947	-	12,947	20,940	(7,993)
2.6	Swan Hills Treatment Centre									
	- Expense	31,090	-	31,090	-	31,090	(2,165)	28,925	27,502	1,423
	- Capital Investment	6,543	-	6,543	-	6,543	-	6,543	5,537	1,006
2.7	Capital Construction Program									
	- Expense	75,023	-	75,023	-	75,023	(75,023)	-	-	-
	- Capital Investment	359,896	56,627	416,523	21,700	438,223	-	438,223	228,696	209,527
		910,351	57,500	967,851	21,700	989,551	(97,118)	892,433	684,136	208,297
3	**Health Facilities Support**									
3.1	Health Facilities Infrastructure									
	- Expense	761,945	-	761,945	-	761,945	-	761,945	545,612	216,333
3.2	Health Capital Maintenance and Renewal									
	- Expense	109,000	-	109,000	-	109,000	-	109,000	-	109,000
		870,945	-	870,945	-	870,945	-	870,945	545,612	325,333

Schedule 5 (Cont'd)

		2011-12 Estimates	Adjustments (a)	2011-12 Budget	Authorized Supplementary (b)	2011-12 Authorized Budget	Amounts Not Required To Be Voted	2011-12 Authorized Spending	Actual Expense	Unexpended (Over Expended)
						(In thousands)				
4	**Other Programs And Services**									
4.1	Infrastructure Planning									
	- Expense	1,000	6,110	7,110	-	7,110	-	7,110	4,010	3,100
4.2	Capital for Emergent Projects									
	- Expense	65,000	(18,805)	46,195	-	46,195	-	46,195	15,495	30,700
	- Capital Investment	-	2,197	2,197	-	2,197	-	2,197	10,201	(8,004)
4.3	Program Services									
	- Expense	47,629	-	47,629	-	47,629	-	47,629	46,590	1,039
	- Capital Investment	-	-	-	-	-	-	-	-	-
4.4	Land Development and Sales (Parsons Creek)									
	- Expense	58,420	-	58,420	(58,420)	-	-	-	21	(21)
	- Capital Investment	-	-	-	58,420	58,420	-	58,420	43,997	14,423
4.5	Slave Lake Fire	-	-	-	-	-	-	-	1	(1)
		172,049	(10,498)	161,551	-	161,551	-	161,551	120,315	41,236
Grand Total		$ 1,975,216	$ 47,002	$ 2,023,218	$ 21,700	$ 2,044,918	$ (99,744)	$ 1,945,174	$ 1,369,718	$ 575,456
Expense		$ 1,585,616	$ (11,504)	$ 1,574,112	$ (58,420)	$ 1,515,692	$ (99,744)	$ 1,415,948	$ 1,037,412	$ 378,536
Capital Investment		390,600	58,506	449,106	80,120	529,226	-	529,226	332,306	196,920
		$ 1,976,216	$ 47,002	$ 2,023,218	$ 21,700	$ 2,044,918	$ (99,744)	$ 1,945,174	$ 1,369,718	$ 575,456
Non-Budgetary Disbursements										
Health Facilities Infrastructure		$ 63,525	$ -	$ 63,525	$ -	$ 63,525	$ -	$ 63,525	$ 19,339	$ 44,186

(a) Adjustments include encumbrances, credit or recovery increases approved by Treasury Board and credit or recovery shortfalls. In the event that actual Voted Expense and Capital Investment in the prior year exceeded the authorized spending, the difference is known as an encumbrance. The encumbrance reduces the budgeted amount for Voted Expense and Capital Investment in the current year. Treasury Board and Enterprise approval is pursuant to section 24(2) of the *Financial Administration Act*.

(b) Supplementary Estimates were approved on December 1, 2011.

MINISTRY OF INFRASTRUCTURE **Schedule 6**
SCHEDULE TO THE FINANCIAL STATEMENTS
Salary and Benefits Disclosure
Year ended March 31, 2012

	2012				2011
	Base Salary [1]	Other Cash Benefits [2]	Other Non-cash Benefits [3]	Total	Total (Restated)
Deputy Minister [4]	$ 263,288	$ 1,250	$ 77,166	$ 341,704	$ 330,373
Current Executives					
Assistant Deputy Minister, Properties	180,000	15,700	49,759	245,459	426,663
Assistant Deputy Minister, Capital Projects	185,472	1,250	50,899	237,621	230,413
Assistant Deputy Minister, Policy and Corporate Services [6]	185,472	1,250	51,257	237,979	214,518
Executive Director, Oil Sands Sustainable Development	149,766	1,250	38,355	189,371	-
Executive Director, Finance [5]	151,836	1,250	41,229	194,315	176,004
Executive Director, Human Resources [6]	138,873	1,250	35,741	175,864	177,656

Prepared in accordance with Treasury Board Directive 12/98 as amended.

Total salary and benefits related to a position are disclosed.

[1] Base salary includes pensionable base pay.

[2] Other cash benefits include vacation payouts, overtime and lump sum payments. There were no bonuses paid in 2012.

[3] Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life, insurance, short and long term disability plans, professional memberships and tuition fees.

[4] The incumbent was appointed to the position in October 2011. The incumbent receives a car allowance. Previously, an automobile was provided.

[5] The incumbent was appointed to this position in February 2012.

[6] The incumbent's services are shared with the Ministry of Transportation which contributes its own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

MINISTRY OF INFRASTRUCTURE **Schedule 7**
SCHEDULES TO FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2012
(in thousands)

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2012	2011 (Restated)
Revenues		
Parking/Rental	$ 2,741	$ 2,409
SUCH Sector Entities	107,878	925
Swan Hills Treatment Centre	360	360
	$ 110,979	$ 3,694
Expenses - Directly Incurred		
Business and Technology Services	$ 1,257	$ 989
SUCH Sector Entities	556,579	149,583
Insurance	2,180	2,183
Other Costs	104	-
	$ 560,120	$ 152,755
Tangible Capital Assets Transferred In (Out)	$ (1,617)	$ 3,205
Accounts Receivable from SUCH[1] Sector Entities	$ 151,535	$ 13,089
Accounts Payable to SUCH[1] Sector Entities	$ 62,133	$ 39,833
Accounts Receivable	$ 884	$ 811

[1] SUCH - Schools, Universities, Colleges and Hospitals

MINISTRY OF INFRASTRUCTURE **Schedule 7 (Cont'd)**
SCHEDULES TO FINANCIAL STATEMENTS
Related Party Transactions
Year ended March 31, 2012
(in thousands)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements but are disclosed in Schedule 8.

	Other Entities	
	2012	2011 (Restated)
Revenue		
Accommodation	$ 436,655	$ 406,271
Expenses - Incurred by Others (Schedule 8)		
Accommodation	$ 2,502	$ 2,474
Air Transportation/Executive Vehicles	283	93
Business Services	6,936	5,945
Internal Audit	13	41
Legal	1,414	559
	$ 11,148	$ 9,112

MINISTRY OF INFRASTRUCTURE **Schedule 8**
SCHEDULE TO THE FINANCIAL STATEMENTS
Allocated Costs
Year ended March 31, 2012
(in thousands)

	2012					2011
		Expenses - Incurred by Others				
Program	Expenses (1)	Accommodation Costs (2)	Business Services (3)	Legal Services (4)	Total Expenses	Total Expenses (Restated)
Ministry Support Services	$ 17,876	$ 333	$ 7,232	$ 209	$ 25,650	$ 22,601
Government Operations	513,975	893	-	440	515,308	478,106
Health Facilities Support	545,648	-	-	-	545,648	145,193
Other Programs and Services	69,045	1,276	-	765	71,086	49,086
	$ 1,146,544	$ 2,502	$ 7,232	$ 1,414	$ 1,157,692	$ 694,986

(1) Expenses - Directly Incurred as per Statement of Operations
(2) Cost shown for Accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by number of employees in program.
(3) Costs shown for Business Services include charges for financial and information technology support, vehicles and air transportation.
(4) Cost shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

For a PDF of this annual report, visit the Government of Alberta website: www.infrastructure.alberta.ca/Content/Publications/production/annualreport.pdf

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